Risk Management
Solutions

International Risk & Payment Review

Essential analysis of 132 countries worldwide

Investing and trading in a foreign market can be a high-risk pursuit. Available via the Internet or as a monthly update journal, the International Risk & Payment Review puts you in the best possible position to reduce that risk by keeping you informed of the latest developments in world markets.

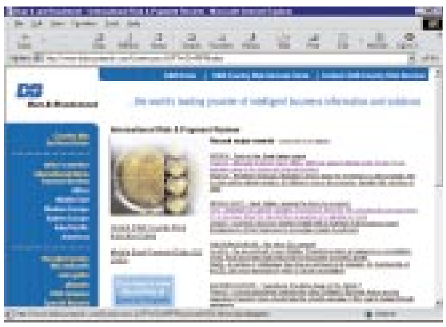
The International Risk & Payment Review provides the critical economic, political and commercial information needed to facilitate decision-making, with monthly updates providing you with the most up-to-date analysis on developments in each market. Presented in an easy-to-follow format, the service is vital for Credit, Sales, Export and Marketing Managers, and all Executives and Directors in organisations planning or currently engaged in international business.

The International Risk & Payment Review:

- Provides reliable, independent and up-to-date analysis of 132 countries.
- Is an essential guide to payment terms and delays, and so is crucial for effective negotiating and planning.
- Includes the unique D&B Country Risk Indicator to help monitor changing market conditions.
- Presents vital data on numerous markets in one source, saving hours of research.

The International Risk & Payment Review is compiled by a team of highly skilled analysts using exclusive data from D&B's global network of reporting offices and worldwide information database. This information is supplemented by primary data from national and international sources, and secondary data from the IMF, World Bank and other multilateral organisations.

Updated regularly, the data and analysis are presented in a standard format that facilitates the comparison of economic, political and commercial conditions across countries around the globe. Each country assessment includes a two-year forecast, which facilitates the management of ongoing business risk.



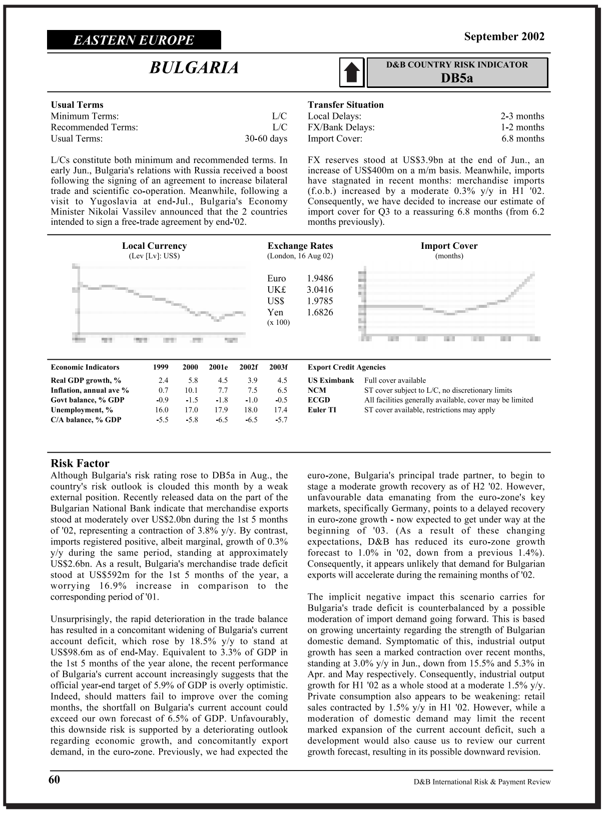
Risk Management Solutions

Information on 132 countries includes:

- **D&B Country Risk Indicator** - a unique and comparative cross-border assessment of the risk of doing business in a country.
- **Trend Indicator** - a quick reference guide as to whether the risk environment is improving or deteriorating.
- **Usual Terms** - a guide to recommended and minimum credit terms and changes in trading regulations that may affect business transactions.
- **Transfer Situation** - a concise analysis of current payment delays with regard to transactions in local and foreign currency, foreign exchange reserves and import cover.
- **Local Currency** - a time series chart showing the price at which a local currency is used for trade purposes against the currency of another country.
- **Exchange rates** - a guide to how much each unit of a particular local currency is worth in relation to a number of major world currencies.
- **Import Cover** - a guide to the amount of foreign exchange a country has in relation to the average monthly value of imported goods and services.
- **Economic Indicators** - an index of key economic statistics (GDP growth, inflation, exchange rates, debt-service ratio, etc.) covering three years of historical data and a two-year forecast.
- **Export Credit** - a listing of currently available export credit insurance.
- **Risk Factor** - a concise analysis of a country's current political, economic and trading conditions, including socio-political and economic forecasts.

Delivery options:

• Book • Online



EASTERN EUROPE

September 2002

BULGARIA

D&B COUNTRY RISK INDICATOR
DB5a

Usual Terms	
Minimum Terms:	L/C
Recommended Terms:	L/C
Usual Terms:	30-60 days

L/Cs constitute both minimum and recommended terms. In early Jun., Bulgaria's relations with Russia received a boost following the signing of an agreement to increase bilateral trade and scientific co-operation. Meanwhile, following a visit to Yugoslavia at end-Jul., Bulgaria's Economy Minister Nikolai Vassilev announced that the 2 countries intended to sign a free-trade agreement by end-'02.

Transfer Situation	
Local Delays:	2-3 months
FX/Bank Delays:	1-2 months
Import Cover:	6.8 months

FX reserves stood at US$3.9bn at the end of Jun., an increase of US$400m on a m/m basis. Meanwhile, imports have stagnated in recent months: merchandise imports (f.o.b.) increased by a moderate 0.3% y/y in H1 '02. Consequently, we have decided to increase our estimate of import cover for Q3 to a reassuring 6.8 months (from 6.2 months previously).

Local Currency
(Lev [Lv]: US$)

Exchange Rates
(London, 16 Aug 02)

Euro	1.9486
UK£	3.0416
US$	1.9785
Yen (x 100)	1.6826

Import Cover
(months)

Economic Indicators	1999	2000	2001e	2002f	2003f
Real GDP growth, %	2.4	5.8	4.5	3.9	4.5
Inflation, annual ave %	0.7	10.1	7.7	7.5	6.5
Govt balance, % GDP	-0.9	-1.5	-1.8	-1.0	-0.5
Unemployment, %	16.0	17.0	17.9	18.0	17.4
C/A balance, % GDP	-5.5	-5.8	-6.5	-6.5	-5.7

Export Credit Agencies	
US Eximbank	Full cover available
NCM	ST cover subject to L/C, no discretionary limits
ECGD	All facilities generally available, cover may be limited
Euler TI	ST cover available, restrictions may apply

Risk Factor

Although Bulgaria's risk rating rose to DB5a in Aug., the country's risk outlook is clouded this month by a weak external position. Recently released data on the part of the Bulgarian National Bank indicate that merchandise exports stood at moderately over US$2.0bn during the 1st 5 months of '02, representing a contraction of 3.8% y/y. By contrast, imports registered positive, albeit marginal, growth of 0.3% y/y during the same period, standing at approximately US$2.6bn. As a result, Bulgaria's merchandise trade deficit stood at US$592m for the 1st 5 months of the year, a worrying 16.9% increase in comparison to the corresponding period of '01.

Unsurprisingly, the rapid deterioration in the trade balance has resulted in a concomitant widening of Bulgaria's current account deficit, which rose by 18.5% y/y to stand at US$98.6m as of end-May. Equivalent to 3.3% of GDP in the 1st 5 months of the year alone, the recent performance of Bulgaria's current account increasingly suggests that the official year-end target of 5.9% of GDP is overly optimistic. Indeed, should matters fail to improve over the coming months, the shortfall on Bulgaria's current account could exceed our own forecast of 6.5% of GDP. Unfavourably, this downside risk is supported by a deteriorating outlook regarding economic growth, and concomitantly export demand, in the euro-zone. Previously, we had expected the euro-zone, Bulgaria's principal trade partner, to begin to stage a moderate growth recovery as of H2 '02. However, unfavourable data emanating from the euro-zone's key markets, specifically Germany, points to a delayed recovery in euro-zone growth - now expected to get under way at the beginning of '03. (As a result of these changing expectations, D&B has reduced its euro-zone growth forecast to 1.0% in '02, down from a previous 1.4%). Consequently, it appears unlikely that demand for Bulgarian exports will accelerate during the remaining months of '02.

The implicit negative impact this scenario carries for Bulgaria's trade deficit is counterbalanced by a possible moderation of import demand going forward. This is based on growing uncertainty regarding the strength of Bulgarian domestic demand. Symptomatic of this, industrial output growth has seen a marked contraction over recent months, standing at 3.0% y/y in Jun., down from 15.5% and 5.3% in Apr. and May respectively. Consequently, industrial output growth for H1 '02 as a whole stood at a moderate 1.5% y/y. Private consumption also appears to be weakening: retail sales contracted by 1.5% y/y in H1 '02. However, while a moderation of domestic demand may limit the recent marked expansion of the current account deficit, such a development would also cause us to review our current growth forecast, resulting in its possible downward revision.

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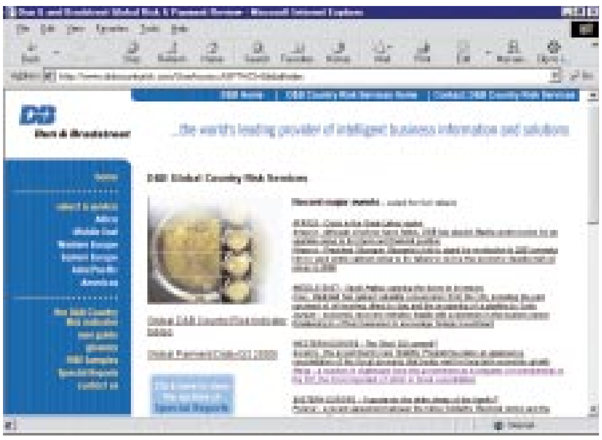

D&B
D&B Country Risk Services, 50-100 Holmers Farm Way, High Wycombe, Bucks HP12 4UL United Kingdom
T 01494 422700 F 01494 422929 www.dnb.com/uk